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*Ontario Hydro-Electric Inquiry  
Commission, 1922-1924*

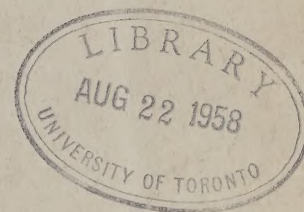
J. ALLAN ROSS  
Commissioner

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HYDRO-ELECTRIC INQUIRY COMMISSION

( HYDRO-ELECTRIC POWER COMMISSION OF ONTARIO )

*Reports on investigation of accounts*



INVESTIGATION OF PROVINCIAL ACCOUNTS  
WITH REFERENCE TO INTEREST CHARGES ON CASH ADVANCES

REPORT DATED APRIL 18, 1923.

*Price, Waterhouse & Co.*  
ROYAL BANK BUILDING  
TORONTO, ONT., CANADA

*1 Keys House  
Pardlocha Hark  
etc.*





# PRICE, WATERHOUSE & CO.

CANADA, UNITED STATES, MEXICO,  
GREAT BRITAIN.

CONTINENTAL EUROPE, ETC.  
PRICE, WATERHOUSE, PEAT & CO.  
SOUTH AMERICA  
PRICE, WATERHOUSE, FALLER & CO.  
ALSO, GREAT BRITAIN  
W. B. PEAT & CO.

ROYAL BANK BUILDING

TORONTO

April 18th, 1923.

W. D. Gregory, Esq., Chairman,  
Hydro-Electric Inquiry Commission,  
36-38 King Street East,  
Toronto, Ontario.

Dear Sir:

HYDRO-ELECTRIC POWER COMMISSION OF ONTARIO  
INVESTIGATION OF PROVINCIAL ACCOUNTS  
WITH REFERENCE TO INTEREST CHARGES ON CASH ADVANCES

In accordance with instructions received we have made an examination of the Provincial accounts with respect to borrowings of the Province of Ontario from November 1, 1908 to October 31, 1922, during which period certain cash advances were made to the Hydro-Electric Power Commission of Ontario out of the Consolidated Revenue Fund of the Province, into which fund all cash receipts are deposited, whether raised by way of loans or otherwise. As a part of our report on this examination, we have prepared and attach hereto the following statements:

Exhibit I - Summary of interest paid in comparison with interest and expenses payable, on net advances by Province of Ontario to Hydro-Electric Power Commission of Ontario, also showing the resulting over or undercharges during the period from November 1, 1908 to October 31, 1922.





Exhibit I-A - Summary of interest charged to Hydro in comparison with interest and expenses paid or payable on get advances by Province of Ontario to Hydro-Electric Power Commission of Ontario also showing the resulting over or undercharge in each year and in total during the period from November 1, 1908 to October 31, 1922.

(On the basis of charging 4% on all advances during the six years ending October 31, 1914 until repaid, and 5% on all advances during the three years ending October 31, 1917 in the year 1917 and in subsequent years.)

- " II - Statement showing the interest paid by the Hydro-Electric Power Commission of Ontario to the Province of Ontario, as computed by the Government, during the period from November 1, 1908 to October 31, 1922.
- " III - Statement showing the adjusted interest payable, not including subsequent expenses by the Hydro-Electric Power Commission of Ontario to the Province of Ontario during the period from November 1, 1908 to October 31, 1922.
- " IV - Statement showing the apportionment to Hydro-Electric Power Commission of Ontario of total expenses and credits relative to Government borrowings, arising subsequent to date of issue of loans, on the basis of percentages of advances to borrowings.

#### SCOPE OF WORK

The instructions originally given to us were to determine the cost to the Province of the advances made to the Hydro-Electric Power Commission, the thought being that any difference between the amount of such cost and the total interest charged to the Commission would be either payable by, or refundable to, the Commission. It developed, however, that the interest payable on advances made in certain years had been definitely fixed by the Parliament and that





the charges for those years are not now subject to adjustment to the basis of cost. Our instructions were thereupon amplified to the extent that we were further requested to determine the additional amount of interest chargeable to the Commission to October 31, 1922 and also the approximate amount of such additional charge which should be borne by the Central Ontario System.

AUTHORIZATION FOR LOANS

It should be noted that loans are not raised by the Province specifically for the purposes of the Commission (with the exception of bonds issued by the Province for the purchase of the Central Ontario System and Bruton Township Pulpwood Areas) the wording of the Statutes of the Province authorizing loans on the credit of the Consolidated Revenue Fund being practically the same each year. For instance, the authorization for loans made in the year ending October 31, 1922, was as follows:

"The Lieutenant-Governor in Council is hereby authorized to raise by way of loan a sum of money not exceeding \$40,000,000.00 for all or any of the following purposes: For the public service, for works carried on by the Commissioners on behalf of Ontario, for the covering of any debt of Ontario on open account, for paying any floating indebtedness of Ontario, for the carrying on of the public works authorized by the Legislature and for redeeming in whole or in part the outstanding debentures of the Province that have been issued free of Succession Duty"

In the circumstances it has not been possible to allocate the advances to the Commission to specific loans made by the Province and the determination of the cost of the monies borrowed has necessarily been required to be made on the basis of annual averages.





# OUTLINE OF PROCEDURE

The methods adopted by us in determining the cost of money borrowed by the Province may be briefly described as follows:

## Establishing an Average Effective Rate of Interest:

The loans were first classified by the fiscal years in which the proceeds were received, and a true or effective rate of interest applicable to each specific loan was then determined by the use of bond tables having regard to the life of the loan, nominal interest rate, and initial discount and expenses to be amortized. These effective interest rates were then applied to the proceeds of the specific loans and a true annual amount of interest payable on each loan was thus obtained. An average effective rate of interest for each year was then determined by dividing the total of the true interest payments by the total proceeds of the loans.

To illustrate the above explanation, the borrowings for 1918 are given below:

<u>Par Value of Loan</u>	<u>Net Proceeds</u>	<u>Effective Rate per Annum as Adjusted</u>	<u>Interest Applicable to borrowings for one year</u>
<b>Long Term Loans</b>			
\$ 3,000,000.00	2,930,000.00	6.319	\$ 185,146.70
3,000,000.00	2,984,700.00	6.069	181,141.44
1,000,000.00	994,900.00	6.069	60,380.48
250,000.00	248,725.00	6.069	15,095.12
1,750,000.00	1,741,075.00	6.069	105,665.84
2,000,000.00	2,000,000.00	6.50	130,000.00
<b>Short Term Loans Annual Basis (#)</b>			
\$ 500,000.00	244,430.97	6.187	15,123.33
1,000,000.00	504,109.58	6.0	30,246.57
3,000,000.00	1,495,890.40	6.0	89,753.42
<u>\$15,500,000.00</u>	<u>13,143,830.95</u>	<u>(*) 6.182</u>	<u>\$ 812,552.90</u>

(#) Treasury Bills or Short Term Loans usually mature in six months and in order that a true average might be obtained it was necessary to put the Treasury Bills on an annual basis to conform with the Long Term Bonds.

(\*) Average effective rate on the basis of semi-annual interest payments.





This average effective rate of 6.182% for the year 1918 is calculated on the basis of semi-annual interest payments by the Province on its indebtedness, whereas interest is paid yearly by the Commission on advances made from the proceeds of such loans and we have therefore required to compound the interest on the advances for the first six months of each year since such interest is not recoverable by the Government until the end of the year. The average effective rate for 1918 on the basis of annual interest payments, is 6.27754% and this is the rate that has been used by us and applied on the advances of the year 1918 as shown by Exhibit III.

Applying the Annual Average Rates of Interest  
to Advances to the Commission:

The average effective rate on the basis of annual interest payments was then applied to current advances of the year 1918, using the dates on which the advances were received as shown by the cash books of the Commission and computing the interest payable from such dates to the end of the fiscal period.

The advances in 1918 amounted to \$8,409,597.68 and the interest on such advances for that year at 6.27754% was \$176,992.22 and in subsequent years at the same rate amounted to \$527,915.86 as shown by Exhibit III.

Additional Expenses:

Additional expenses applicable to loans but incurred subsequent to the dates of issues of the loans, consisting of exchange, advertising and service charges, etc. have been apportioned to the Commission in the year which such expenses were incurred on the basis of the percentages of Advances to the Commission to Government borrowings in the respective years in which the loans were issued.





These expenses were listed from the Public Accounts of the Province of Ontario in which the interest payments and other expenses in respect of specific loans are detailed.

An analysis of such expenses applicable to the \$8,350,000.00 Central Ontario System bonds and \$225,000.00 Bruton Township Pulpwood Area bonds was made and a test check was also made in respect of expenses applicable to other bond issues.

#### INTEREST CHARGEABLE

All advances made to October 31, 1914 are chargeable until repaid at the flat rate of 4% per annum in accordance with the provisions of Section 23 (a) Power Commission Act which states as follows:

"interest at the rate of four per cent per annum upon the money expended by the Commission on capital account in the construction or purchase of the works"

In 1915 the above Act was amended by adding at the end thereof the following words (Chapter 19 Section 11, 1915):

- (1) "..... and such sum as the Lieutenant Governor in Council may direct to cover the difference between the four per cent interest charged on the money so expended on capital account and all charges and expenses of providing such money."
- (2) The amendment made by sub-section (1) shall take effect as from 31st day of October 1914 and as to any money so provided since the said date.

In 1917 the Government found that money was costing them more than the 4% per annum which had been charged to the Commission up to October 31st 1916, therefore the above amendment to the Power Commission Act was partially given effect to by an order-in-council





dated October 31st 1917 which provided for an additional charge to the Commission in the amount of \$51,290.11 which was stated to represent additional charges and expenses incurred by the Government on the advances made by the Government to the Commission during the three years ending October 31, 1917, but which, as a matter of fact, only represented an increase in the interest rate on such advances from 4% to 5%, the 5% rate on these advances being retained in subsequent years.

The provision of this Order-in-Council is as follows:

"The Committee of Council have had under consideration, the report of the Honourable the Provincial Treasurer, dated 31st October 1917, wherein he states that since the 31st day of October 1914, and up to the 31st day of October 1916, the sum of \$3,478,464.80 has been advanced to the Hydro-Electric Power Commission of Ontario to be expended by the said Commission on capital account on which sum interest in excess of 4% has been paid. That during the current fiscal year additional sums have been so advanced to the said Commission on which the cost of providing such money is in excess of 4%. That the difference between the 4% interest charged on the money so expended since the 31st day of October 1914, and all charges and expenses of providing such money amounts to \$51,290.11 for the current fiscal year. The Provincial Treasurer recommends pursuant to the provisions of Section 11, 5 George V. Chapter 19, it be directed that the said sum of \$51,290.11 be included in the annual payments to be made under Section 23, Cap. 39, R. S. O. 1914."

"The Committee concur in the recommendation of the Provincial Treasurer and advise that the same be acted on"

During 1918 the Power Commission Act was again amended in this respect as follows (Section 15-1A Assented to March 26, 1918):

"The Commission shall pay to the Treasurer of Ontario annually interest on the indebtedness of the Commission to the Province for moneys advanced to the Commission by the Province as may be from time to time determined by the Lieutenant-Governor in Council as sufficient to reimburse the Province the full amount of interest paid by the Government on moneys raised for the purposes of the Commission and the charges incurred by it in providing such money." (8 Geo. V C. 14 S. 7)





While it appears quite clear that all advances made to October 31, 1914 should bear interest until repaid at the rate of 4% per annum, and that actual cost should be charged with respect to all advances made since October 31, 1917 there is some question as to the basis on which interest should be charged on advances made in the three years ending October 31, 1917. The charges to the Commission for interest on the advances made in this three year period have been on the basis of 5% per annum, the Order-in-Council of October 31, 1917 having been interpreted as fixing the interest charge at this rate. It would appear that three different conclusions may be drawn from the amendment of 1915 and the subsequent Order-in-Council of 1917, viz:

- (1) That the Order-in-Council fixed at 5% the interest charge on all advances made in the period of three years ending October 31, 1917.
- (2) That the Order-in-Council limited to 5% the interest charge to October 31, 1917 on all advances made in the three years ending October 31, 1917, and that after that date the actual cost of the money might be charged in accordance with the amendment to the Act in 1915, and -
- (3) That the Order-in-Council was not in full compliance with the 1915 amendment to the Act and that a re-determination may now be made by the Lieutenant Governor in Council fixing the charge to the Commission at the actual cost both prior and subsequent to October 31, 1917 on all advances made in the three years ending on that date.

EXCESS OF COST TO PROVINCE OVER CHARGES  
TO COMMISSION

As the result of our investigation it was found that the Commission was undercharged by the Province for interest in the amount of \$891,100.47 during the period from November 1, 1908 to October 31,





1922 as shown by Exhibit I, which may be summarized as follows:

Adjusted interest as computed on basis of new average effective rates (Exhibit III)	\$20,073,098.18
Deduct- Interest paid by the Commission on basis of average effective rates used by Province (Exhibit II)	19,611,338.07
Balance	\$ 461,760.11
Add- Commission's share of certain expenses (less credits) pertaining to Government loans arising subsequent to dates of issues of loans (as commented upon under Exhibit IV)	429,340.36
Total as above	\$ 891,100.47

For the purpose of showing the computations of interest on the accumulated advances of the several years after applying the average effective rates as used by the Government upon which the interest payments were made, and the adjusted average effective rates as used by us, we have prepared Exhibits II and III, respectively, and have carried the total yearly amounts as shown by these Exhibits to Exhibit I.

FACTORS CONTRIBUTING TO THE UNDERCHARGE  
BY PROVINCE

The main reasons for the differences in average effective rates as shown by Exhibits II and III are as follows:

- (a) Under authority of Provincial legislation a rate of interest of 4% was charged to the Commission on advances for the six years ending October 31, 1914.
- (b) Under authority of an Order-in-Council a rate of interest of 5% was charged to the Commission in 1917 on advances for the three years ending October 31, 1917 (thereafter the Province averaged the cost of loans each year to determine an annual rate).
- (c) Interest on borrowings is paid by the Government half-yearly whereas interest is paid by the Commission yearly on advances made by Government





out of such borrowings. This factor was not taken into consideration by the Government in determining the average effective rates but we have necessarily given effect thereto.

- (d) In determining an annual average effective rate the Government used a full year's interest on Treasury Bills, which did not represent the actual cost of such bills since they are practically all of six months duration. These Treasury Bills have therefore been put on an annual basis in order that a true average effective rate per annum might be determined.
- (e) The effective rates of interest on specific loans were applied by the Government to the face value of the loans in determining an annual average rate whereas the effective rates of interest on specific loans have been applied to the net proceeds or actual cash received in determining our adjusted average rate of interest.

Furthermore the Province failed to take into account exchange and sundry expenses which were required to be paid subsequent to the dates of issue of the loans in connection with interest payments.

ADDITIONAL COSTS SUBSEQUENT TO DATES  
OF ISSUE OF LOANS

The true or effective rates of interest discussed up to this point are based on the net proceeds of the respective loans, after taking into consideration discounts and other expenses incurred at time of issue of the loans, but inasmuch as the interest on certain loans is payable in foreign countries, it is also necessary to consider exchange variances, commissions, etc. paid to banks or brokers for services as paying agents, and other expenses incurred at various interest payment dates subsequent to the dates of issues of the loans.

These further charges and credits have been dealt with on Exhibit IV in the years in which such charges and credits occurred and have been apportioned each year to the Commission on the basis of the percentages that the advances to the Commission by the





Government bore to the net borrowings of the Government for that year. In cases where advances to the Commission exceeded net borrowings, the advances of the previous year were included in order to determine an average percentage applicable to these years.

A brief summary of these charges and credits is as follows:

Charges:

Exchange fluctuations, Commissions and other expenses incurred at interest payment dates	\$1,645,058.06	
Expenses directly applicable to Central Ontario System bonds	109,290.37	
	<u>\$1,754,348.43</u>	
Discount applicable to retired portion of loans payable in England	69,812.27	
Premium on retirement of loans payable in England including brokerage charges	80,115.27	
	<u>\$1,904,275.97</u>	

Deduct- Credits:

Exchange fluctuations and discounts on retirement of loans payable in England	\$1,773,066.62	
Exchange fluctuations on interest payments on loans payable in England	<u>127,815.93</u>	
<u>Together</u>		<u>1,900,882.55</u>
<u>Balance</u> , representing a net debit of		<u>\$ 3,393.42</u>

We give in the following a brief analysis of certain of the items appearing in the above statement of charges and credits, viz:





Exchange Fluctuations, Commissions and Other Expenses  
incurred at Interest Payment Dates - \$1,645,058.06:

These charges consisting principally of exchange paid on interest may be summarized by fiscal years as follows:

<u>Year Ending October 31,</u>	<u>Amount</u>
1909	\$ 490.61
1910	1,251.72
1911	1,404.97
1912	1,941.97
1913	1,971.60
1914	7,255.75
1915	31,497.63
1916	19,648.04
1917	5,280.85
1918	19,855.15
1919	58,816.40
1920	767,215.25
1921	475,527.18
1922	252,900.94
<u>T o t a l</u>	<u>\$1,645,058.06</u>

Expenses directly Applicable to  
Central Ontario System Bonds - \$109,290.37:

The amount of \$109,290.37 as shown above is in respect of bonds issued by the Province for the purchase of the Central Ontario System and the Bruton Township Pulpwood areas, the whole amount of which is applicable to the Commission, since the whole amount of interest on such bonds is payable by the Commission.

Discounts Applicable to Retired Portion  
of Loans payable in England - \$69,812.27:

The above charges arose through the retirement in 1920, 1921 and 1922 of Ontario Government Succession Duty Free 4% and 4½% Inscribed Stock before the respective maturity dates of such issues and is made up as follows:





Particulars	Discount Applicable to portion of loan retired	Amount
<u>£1,640,547:18:11 Loan 4%</u>		
Retired in 1920 £798,141	\$ 14,932.64	
" " 1921 37,550	2,577.44	
" " 1922 414,470	27,834.86	\$ 45,344.94
<u>£817,294 Loan 4½%</u>		
Retired in 1920 £372,497	\$ 15,159.95	
" " 1921 61,075	2,465.58	
" " 1922 170,891	6,841.80	24,467.33
<u>As above</u>		<u>\$ 69,812.27</u>

The effective rates of interest as determined by us and described previously in this memorandum were calculated on the assumption that the respective bond issues would remain outstanding until maturity and therefore take care of a proportionate part of the discount to be amortized each year. However, since the Province is retiring Ontario Government Inscribed Stock, as and when such stock can be purchased, it has been necessary to take up as an expense, the discount applicable to the portion of the loan retired, from the date of retirement to the maturity date.

Premium on Retirement of Loans payable in  
England, including Brokerage Charges - \$80,115.27:

The above charge arose out of the retirement in 1922 of Ontario Government Succession Duty Free 4% and 4½% Inscribed Stock, as follows:

<u>1909 Loan £1,640,547:18:11-</u>		
£414,470:16:4 retired at cost of	\$2,077,253.01	
Par value	2,017,626.63	
Brokerage Charges	59,626.38	
	<u>4,855.36</u>	\$64,481.74
<u>1914 Loan £817,294-</u>		
£170,891:4:6 retired at cost of	\$ 845,035.69	
Par value	831,668.19	
Brokerage Charges	13,367.50	
	<u>2,266.03</u>	15,633.53
<u>As above</u>		<u>\$80,115.27</u>



Exchange Fluctuations and Discounts on  
Retirement of Loans payable in England - \$1,773,066.62:

This credit arose out of the retirement of Ontario Government Inscribed Stock and English Treasury Bills issued in 1909 and 1914 Succession Duty Free, as follows:

<u>1909 Loan £1,640,547:18:11-</u>		
£798,141:18:0 retired in 1920		
par value	\$3,884,290.20	
Cost of retiring above amount	<u>2,779,528.40</u>	
		\$1,104,361.80
£37,550 retired in 1921		
par value	\$ 182,743.33	
Cost of retiring above amount	<u>172,776.62</u>	
		9,966.71
<u>1914 Loan £817,294-</u>		
£372,497:16:4 retired in 1920		
par value	\$1,812,822.52	
Cost of retiring above amount	<u>1,297,409.76</u>	
		515,412.76
£61,075 retired in 1921		
par value	\$ 297,231.67	
Cost of retiring above amount	<u>267,906.32</u>	
		29,325.35
<u>Treasury Bills £600,000-</u>		
£600,000 retired in 1915		
par value	\$2,920,000.00	
Cost of retiring above	<u>2,806,000.00</u>	
		114,000.00
<u>As above</u>		<u>\$1,773,066.62</u>

Exchange Fluctuations on Interest Payments  
on Loans payable in England - \$127,815.93:

The above credit arose through exchange fluctuations on interest payments of English loans during the period from 1915 to 1922 and is made up as follows:

On £1,640,547:18:11 Ontario Government	
4% Inscribed Stock	\$ 81,745.94
On £817,294 Ontario Government 4½%	
Inscribed Stock	<u>46,069.99</u>
<u>Together</u>	<u>\$127,815.93</u>





SUNDRY ADJUSTMENTS

There has been deducted from the interest payable by the Commission to the Province in 1921 and 1922 amounts aggregating \$360,915.75 representing Nipigon interest adjustments as follows:

1921 Retroactive adjustment of interest to 5% on advances for purposes of Nipigon development	\$ 71,785.41
1922 Deferred interest expense on Nipigon operation for fiscal year ending October 31, 1922 as per arrangement with Provincial Treasurer, November 1, 1922	289,130.34
<u>Together, as above</u>	<u>\$ 360,915.75</u>

These adjustments have been deducted by us in these two years from the interest otherwise payable and they therefore appear on both Exhibits II and III.

It will be noted that although the net advances as shown by Exhibits II and III agree, certain differences appear between specific years. These differences arise on account of the practice of the Government of keeping the books open until some time after the end of the fiscal year, during which overlapping period advances have been made to the Commission. In stating the advances on Exhibit III we have allocated such amounts according to the dates upon which the cash was received by the Commission, whereas the Government has included such advances in the fiscal year preceding the date of payment. The amount of interest involved on account of this adjustment is relatively small.

In computing interest payable by the Commission on advances the dates on which the advances were received as shown by the cash records of the Commission, have been used with the exception of a few minor instances in the earlier years.





The interest payable by the Commission on advances for the three years ending October 31, 1911 on the basis of the Government interest rate of 4% amounted to \$205,874.77. This amount, however, was not paid by the Commission but was capitalized by the Government as at October 31, 1911 and added to the Advance Account of the Commission. Since this date interest has been paid by the Commission on its advances on October 31st of each year which include interest on the above amount so capitalized.

ADDITIONAL AMOUNT CHARGEABLE TO THE COMMISSION

The additional amount of interest on advances chargeable to the Commission to October 31, 1922 is dependent upon the interpretation placed upon the Order-in-Council of October 31, 1917 and also upon whether interest is chargeable upon the deficiencies in interest payments in the respective years as shown. For the purpose of indicating the additional amounts chargeable on the various bases we are appending figures which are based upon Exhibit I-A, Viz.

On the Basis of -

- 4% on advances to October 31, 1914 until repaid
- 4% to October 31, 1916 on advances from November 1, 1914 to October 31, 1916
- 5% in the year ending October 31, 1917 and thereafter on all advances made in the three years ending October 31, 1917
- Actual cost of all advances made from November 1, 1917.

The figures contained in Exhibit I-A have been prepared on the basis outlined above indicating that there was due from the



Commission to October 31, 1922 the sum of \$773,274.17, which may be briefly summarized as follows:

Adjusted interest as computed on the basis of 4% on all advances to October 31st 1914 4% on advances of 1915 and 1916 to October 31, 1916 5% in 1917 and thereafter on advances in 1915, 1916 and 1917, and on subsequent advances the average effective rates pre- viously determined by us as shown on Exhibit III			
Deduct- Interest paid by the Commission (Exhibit II)			\$19,538,836.49
			19,611,338.07
			72,501.58
Add- Commission's share of expenses incurred and applicable to loans issued in five years ending October 31st 1922			\$739,655.81
Expenses applicable to Central Ontario System bonds issued in 1916 and 1917			106,119.94 845,775.75
As above			\$ 773,274.17

The interest payments on advances on the basis of the adjusted interest rates during the five years ending October 31, 1922, have been supplemented by a further charge to the Commission representing their proportion of expenses incurred and applicable to loans issued in these years, as follows:

<u>Year</u>	<u>Amount</u>
1918	\$ 5,292.23
1919	21,437.00
1920	366,881.45
1921	222,356.42
1922	121,688.71
	<u>\$ 739,655.81</u>

In compiling the figures as shown on Exhibit I-A we used the same rates as were used by the Province on the advances made during the nine years ending October 31, 1917, with the exception of the Central Ontario System bond issue. On the advances made during the five years ending October 31, 1922 we have used the adjusted annual average rates as shown on Exhibit III.





As the interest and expenses on the \$8,350,000 and \$225,000 bond issues of the Government for the purposes of the Central Ontario System are directly chargeable to this system and are not governed by the fixed rates used by the Province, we have used the same rates on these loans as are shown on Exhibit IXI comprising annual interest payments and expenses in the years 1918 to 1922, aggregating \$106,119.94 applicable to these loans. The expenses are as follows:

<u>Year</u>	<u>Amount</u>
1918	5,856.32
1919	9,249.93
1920	40,042.03
1921	44,070.15
1922	6,901.46
<u>As above</u>	<u>\$ 106,119.94</u>

On the basis of -

4% on advances to October 31, 1914 until repaid, and  
Actual cost of all advances made from November 1, 1914:

Amount of additional interest due from the Commission on the basis stated in Exhibit I-A	\$ 773,274.17
Add- Difference between actual cost and the 4% and 5% rates applied to advances in the three years ending October 31, 1917	333,169.25
<u>Total amount of additional interest chargeable to the Commission to October 31, 1922 on the foregoing basis</u>	<u>\$1,106,443.42</u>

Interest Compounded:

On the assumption that the Commission should, in addition, be charged with compound interest on the deficiencies in interest payments we are submitting for your consideration the following figures which include interest compounded annually at 5½%, viz:





Additional interest payable by the Commission on the basis stated in Exhibit I-A	\$ 773,274.17
Add- Compound interest at 5½% on annual deficiencies to October 31, 1922	70,228.94
Total additional amount payable	<u>\$ 843,503.11</u>
Additional interest payable by the Commission on the basis of 4% on advances to October 31, 1914 and actual cost of all advances since that date	\$1,106,443.42
Add- Compound interest at 5½% on annual deficiencies to October 31, 1922	140,669.87
Total additional amount payable	<u>\$1,247,113.29</u>

AMOUNT CHARGEABLE TO CENTRAL ONTARIO SYSTEM

Of the total undercharge of \$773,274.17 as stated in Exhibit I-A an amount of \$152,451.47 is applicable to Central Ontario System bonds and cash advances as follows:

<u>Bonds -</u>	
Subsequent expenses	\$106,119.94
Additional interest to put payments on annual basis	17,449.97
	<u>\$123,569.91</u>
Cash Advances	28,881.56
As above	<u>\$152,451.47</u>

There is therefore recoverable from the Commission in respect of systems operating on the basis of the sale of power at cost an amount of \$620,822.70.

The amount recoverable from the Commission on the basis of 4% on the advances to October 31, 1914 until repaid, and actual cost of all advances made from November 1, 1914, was found to be \$1,106,443.42, and of this amount there is \$175,532.84 applicable to



Central Ontario System bonds and cash advances as follows:

<u>Bonds -</u>		
Subsequent expenses	\$109,290.37	
Additional interest to put payments on annual basis	<u>23,016.64</u>	\$132,307.01
Cash advances		<u>43,225.83</u>
<u>As above</u>		<u>\$175,532.84</u>

On this latter basis there would therefore be recoverable from the Commission in respect of systems operating on the basis of the sale of power at cost an amount of \$930,910.58.

#### G E N E R A L

In arriving at the net proceeds of the loans for the purpose of determining average rates of interest applicable to the borrowings of each year, charges for engraving, advertising, etc. have not been deducted from the principal of the respective loans. These expenses which are relatively small in amount, have alternatively been absorbed as costs in the respective years in which they have been incurred although it is understood that if they were written off over the lives of the various issues the amount shown as chargeable to the Commission to October 31, 1922 would be slightly reduced with a corresponding amount remaining to be included in the interest charges of subsequent years.

As previously stated, the average effective rates of interest applicable to the advances of each year have been calculated on the basis of the total borrowings in each year whether on bonds or short term treasury notes. Since the treasury bills were issued at rates of interest corresponding to the rates on bonds issued for terms of years this procedure appears equitable.





Where premiums have been realized due to exchange on bonds sold in New York, through conversion of the proceeds into Canadian funds, these premiums have been taken into account in calculating the effective rates of interest and thus are applied over the lives of the various issues. On the other hand premiums paid for funds to retire bonds payable in New York have been treated as costs in the year in which the bonds were retired.

This is due to the treatment of each loan as a separate transaction and while eventually, the net effect on the cost of the money will be the same, there is now included in the cost to the Commission to October 31, 1922 a relatively small amount of exchange charges which otherwise would be reflected in higher interest charges in years subsequent to that date.

Consideration has been given to the question of the equity of calculating on a semi-annual basis the cost of the advances to the Commission on which interest is paid only annually. Reference to the borrowings of the Province indicates that in each year loans have been made either concurrently with, or shortly following, the dates when the mid-year interest would have been payable by the Commission and therefore the calculations in this respect appear to be fully justified.

\* \* \* \*

In conclusion we feel it is incumbent upon us to point out that the auditors of the Hydro-Electric Power Commission, Messrs. Clarkson, Gordon and Dilworth, have not had any knowledge of undercharges by the Province in the matter of interest. These





charges have been determined each year in the office of the Provincial Treasurer and while it has been customary for Messrs. Clerkson, Gordon and Dilworth as Auditors of the Commission to verify the clerical accuracy of the calculations involved, they have not had access to the Provincial accounts nor the necessary authority to further verify the charges as made.

Yours very truly,

Rich Waterbury



## HYDRO-ELECTRIC POWER COMMISSION OF ONTARIO

Exhibit I

SUMMARY OF INTEREST PAID IN COMPARISON WITH INTEREST AND EXPENSES PAYABLE  
ON NET ADVANCES BY PROVINCE OF ONTARIO TO HYDRO-ELECTRIC POWER COMMISSION OF ONTARIO  
ALSO SHOWING THE RESULTING OVER OR UNDER CHARGES DURING THE PERIOD FROM  
NOVEMBER 1, 1908 TO OCTOBER 31, 1922.

Year	Gross Advances to Hydro	Deductions (#) See Note	Net Advances to Hydro	Interest and Expenses as Adjusted				Hydro	
				Interest Paid by Hydro (Exhibit II)	On basis of new effective rates (Exhibit III)	Hydro pro- portion of subsequent expenses, etc. (Exhibit IV)	Total	Over Charged	Under Charged
1909	\$ 514,000.00	37,106.27	476,893.73	3,917.54	4,520.06	166.50	4,686.56	-	769.02
1910	2,185,000.00	44,543.22	2,140,456.78	61,678.28	63,303.06	424.79	65,217.87	-	2,139.59
1911	1,656,874.77	91,502.43	1,564,872.34	140,276.95	140,815.72	476.80	141,292.52	-	1,013.57
1912	650,000.00	170,684.52	479,315.48	161,707.84	162,960.42	659.04	163,619.46	-	1,911.62
1913	1,500,000.00	138,592.11	1,361,407.89	207,805.53	213,721.02	669.10	214,450.12	-	6,644.59
1914	4,170,000.00	182,442.30	3,987,556.70	316,287.75	346,704.96	3,897.00	349,601.96	-	35,314.21
1915	2,700,000.00	219,490.84	2,480,509.16	452,320.61	513,964.95	16,778.66	495,588.39	-	43,267.58
1916	1,550,000.00 8,350,000.00	127,044.36	1,422,955.64 8,350,000.00	515,083.30	830,995.76	11,914.54 2,757.75	842,910.50 2,757.75	-	327,827.00 2,757.75
1917	5,700,000.00 225,000.00	106,226.81	5,593,773.19 225,000.00	1,185,091.42	1,070,939.31	422.87 412.68	1,070,402.04 412.68	114,689.38	- 412.68
1918	8,569,951.00	160,353.32	8,409,597.68	1,412,604.80	1,457,980.72	10,867.49 5,856.32	1,468,848.21 5,856.32	-	56,243.41 5,856.32
1919	11,940,500.00	202,537.49	11,743,962.51	2,036,969.54	2,069,890.97	33,896.36 9,249.98	2,093,787.23 9,249.98	-	56,817.69 9,249.98
1920	13,313,500.00	226,551.00	13,086,949.00	2,767,263.07	2,830,495.13	146,000.01 40,042.03	2,864,492.32 40,042.03	82,770.75	- 40,042.03
1921	39,552,357.61	647,017.72 1,759,472.22	37,145,867.67	4,463,345.38	4,509,769.49	252,185.77 44,070.15	4,761,956.26 44,070.15	-	298,510.88 44,070.15
1922	14,364,617.00	230,000.00	14,134,617.00	5,366,983.86	5,847,886.69	169,808.24 6,901.46	6,017,694.93 6,901.46	-	150,711.07 6,901.46
	\$121,946,800.38	4,343,365.61	117,603,434.77	19,611,338.07	20,073,098.18	429,340.36	20,502,438.54	197,460.13	1,088,560.60 197,460.13
Net Undercharges									891,100.47

(\*) Bonds issued by Province for purchase of  
Central Ontario System and Bruden  
Township Pulpwood areas

(#) Expenditures for account of Province  
Cash refunds

\$ 2,583,893.39  
1,759,472.22  
\$ 4,343,365.61





## HYDRO-ELECTRIC POWER COMMISSION OF ONTARIO

SUMMARY OF INTEREST CHARGED TO HYDRO, IN COMPARISON WITH INTEREST AND EXPENSES  
PAID OR PAYABLE ON NET ADVANCES BY PROVINCE OF ONTARIO TO HYDRO-ELECTRIC POWER COMMISSION OF ONTARIO  
ALSO SHOWING THE RESULTING OVER OR UNDER CHARGE IN EACH YEAR AND IN TOTAL DURING THE PERIOD  
FROM NOVEMBER 1, 1908 TO OCTOBER 31, 1922

(On the basis of charging 4% on all advances during the six years ending October 31, 1914 until repaid,  
and 5% on all advances during three years ending October 31, 1917)  
In the year 1917 and in subsequent years.

Year	Net Advances to Hydro	Rate of Interest	Year Ending October 31,														Total
			1909	1910	1911	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	
1909	\$ 486,893.73	4	4,659.66	19,670.50	19,475.75	19,475.75	19,475.75	19,475.75	19,475.75	19,475.74	19,475.74	19,475.74	19,475.74	19,475.74	19,475.74	19,475.74	258,039.09
1910	2,130,456.78	4	-	42,898.64	85,218.27	85,218.27	85,218.27	85,218.27	85,218.27	85,218.27	85,218.27	85,218.27	85,218.27	85,218.27	85,218.27	85,218.27	1,065,517.88
1911	1,358,697.57) 205,874.77)	4	-	-	37,410.97	62,582.89	62,582.89	62,582.89	62,582.89	62,582.89	62,582.89	62,582.89	62,582.89	62,582.89	62,582.89	62,582.89	725,822.76
1912	479,315.48	4	-	-	-	14,430.93	19,172.62	19,172.62	19,172.62	19,172.62	19,172.62	19,172.62	19,172.62	19,172.62	19,172.62	19,172.62	206,157.13
1913	1,361,407.89	4	-	-	-	-	21,356.00	54,456.32	54,456.32	54,456.32	54,456.32	54,456.32	54,456.32	54,456.32	54,456.32	54,456.32	511,462.88
1914	4,087,556.70	4	-	-	-	-	-	75,381.90	163,502.27	163,502.27	163,502.27	163,502.27	163,502.27	163,502.27	163,502.27	163,502.27	1,383,400.06
1915	2,380,509.16	4 & 5	-	-	-	-	-	-	47,912.69	95,220.37	95,220.37	119,025.46	119,025.46	119,025.46	119,025.46	119,025.46	833,480.73
1916	1,422,955.64	4 & 5	-	-	-	-	-	-	-	24,805.50	56,918.23	71,147.78	71,147.78	71,147.78	71,147.78	71,147.78	437,462.63
	8,350,000.00	4.04	-	-	-	-	-	-	-	-	556,566.66	337,340.00	337,340.00	337,340.00	337,340.00	337,340.00	2,243,366.66
1917	Additional cost		-	-	-	-	-	-	-	-	-	5,544.24	8,982.13	38,724.55	42,471.66	6,510.17	102,234.75
	5,593,773.19	5	-	-	-	-	-	-	-	-	82,527.37	279,688.66	279,688.66	279,688.66	279,688.66	279,688.66	1,480,970.67
	228,000.00	5.0625	-	-	-	-	-	-	-	-	-	11,390.62	11,390.62	11,390.62	11,390.62	15,187.49	60,749.97
	Additional Cost		-	-	-	-	-	-	-	-	-	310.08	267.85	1,317.48	1,568.49	391.29	3,885.19
1918	8,409,597.68	6.27754	-	-	-	-	-	-	-	-	-	176,992.22	527,915.86	527,915.86	527,915.86	527,915.86	2,288,655.66
	Adjustment		-	-	-	-	-	-	-	-	-	(*) 34,784.65	-	-	-	-	34,784.65
	Additional cost		-	-	-	-	-	-	-	-	-	5,382.23	-	-	-	-	5,382.23
1919	11,743,962.51	5.221435	-	-	-	-	-	-	-	-	-	-	250,986.51)	613,203.34	613,203.34	613,203.34	2,090,596.53
	Additional cost		-	-	-	-	-	-	-	-	-	-	21,437.00)	-	-	-	21,437.00
1920	18,086,949.00	6.328228	-	-	-	-	-	-	-	-	-	-	-	408,387.43	1,144,583.37	1,144,583.37	2,697,554.17
	* Additional cost		-	-	-	-	-	-	-	-	-	-	-	268,881.45	-	-	268,881.45
1921	37,145,867.67	6.302966	-	-	-	-	-	-	-	-	-	-	-	-	1,014,865.83	2,341,291.37	3,356,156.20
	Additional cost		-	-	-	-	-	-	-	-	-	-	-	-	222,356.42	-	222,356.42
1922	14,134,617.00	5.57419	-	-	-	-	-	-	-	-	-	-	-	-	-	229,034.59	229,034.59
	Additional cost		-	-	-	-	-	-	-	-	-	-	-	-	-	121,688.71	121,688.71
			\$4,659.66	62,569.14	142,104.99	181,707.84	207,805.53	316,287.75	452,320.81	524,433.98	1,195,740.74	1,445,926.05	2,032,589.98	3,181,430.74	4,789,993.60	6,211,416.20	20,748,987.01
Deduct-																	
Adjustments by Province			\$	-	-	-	-	-	-	9,350.68	10,649.32	10,811.20	39,811.20	-	-	-	
Interest on expenditures for																	
account of Province			742.12	890.86	1,826.04	-	-	-	-	-	-	-	-	-	-	-	3,459.02
Wipigon Interest Adjustment																	
Total Deductions			\$ 742.12	890.86	1,826.04	-	-	-	-	9,350.68	10,649.32	10,811.20	39,811.20	-	71,785.41	289,130.34	360,915.75
Balance			\$3,917.54	61,678.28	140,278.95	181,707.84	207,805.53	316,287.75	452,320.81	515,083.30	1,185,091.42	1,425,114.85	2,072,401.18	3,181,430.74	4,718,208.19	5,922,285.86	20,384,812.24
Deduct-Interest paid by Hydro (Sch.II)			\$3,917.54	61,678.28	140,278.95	181,707.84	207,805.53	316,287.75	452,320.81	515,083.30	1,185,091.42	1,412,604.80	2,036,969.54	2,767,353.07	4,463,348.38	5,868,983.86	19,611,338.07
HYDRO UNDERCHARGED			\$	-	-	-	-	-	-	-	-	13,510.05	35,431.64	414,167.67	254,862.81	55,302.00	773,274.17

(\*) Representing 1% on cash advances of the years 1915 and 1916.





## HYDRO-ELECTRIC POWER COMMISSION OF ONTARIO

STATEMENT SHOWING THE INTEREST PAID BY THE HYDRO-ELECTRIC POWER COMMISSION OF ONTARIO  
TO THE PROVINCE OF ONTARIO, AS COMPUTED BY GOVERNMENT, DURING THE PERIOD FROM  
NOVEMBER 1, 1908 TO OCTOBER 31, 1922

Year	Net Advances to Hydro	Effective rate as used by Province	Year Ending October 31,														Total	
			1909	1910	1911	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922		
1909	\$ 486,893.73	4	4,659.66	19,670.50	19,475.75	19,475.75	19,475.75	19,475.75	19,475.75	19,475.74	19,475.74	19,475.74	19,475.74	19,475.74	19,475.74	19,475.74	258,039.09	
1910	2,130,456.78	4	-	42,898.64	85,218.27	85,218.27	85,218.27	85,218.27	85,218.27	85,218.27	85,218.27	85,218.27	85,218.27	85,218.27	85,218.27	85,218.27	1,065,517.82	
1911	1,358,897.57)	4	-	-	37,410.97	62,582.89	62,582.89	62,582.89	62,582.89	62,582.89	62,582.89	62,582.89	62,582.89	62,582.89	62,582.89	62,582.89	725,822.76	
	205,874.77)	4																
1912	479,315.48	4	-	-	-	14,430.93	19,172.62	19,172.62	19,172.62	19,172.62	19,172.62	19,172.62	19,172.62	19,172.62	19,172.62	19,172.62	206,157.13	
1913	1,361,407.89	4	-	-	-	-	21,356.00	54,456.32	54,456.32	54,456.32	54,456.32	54,456.32	54,456.32	54,456.32	54,456.32	54,456.32	511,462.88	
1914	4,087,556.70	4	-	-	-	-	-	75,381.90	163,502.27	163,502.27	163,502.27	163,502.27	163,502.27	163,502.27	163,502.27	163,502.27	1,383,400.06	
1915	2,380,509.16	4 & 5	-	-	-	-	-	-	47,912.69	95,220.37	95,220.37	119,025.46	119,025.46	119,025.46	119,025.46	119,025.46	833,480.73	
1916	1,422,955.64)	4 & 5	-	-	-	-	-	-	24,805.50	56,918.23)	71,147.78)	71,147.78)	71,147.78)	71,147.78)	71,147.78)	71,147.78)	437,462.63)	
	8,350,000.00)	4																
1917	5,593,773.19)	5	-	-	-	-	-	-	-	82,527.37	290,938.66	290,938.66	290,938.66	290,938.66	290,938.66	290,938.66	1,537,220.67	
	225,000.00)	5																
1918	8,409,597.68	6.188	-	-	-	-	-	-	-	-	-	174,467.65	520,385.90	520,385.90	520,385.90	520,385.90	2,256,011.25	
1919	11,743,962.51	5.341	-	-	-	-	-	-	-	-	-	-	256,732.53	627,245.01	627,245.01	627,245.01	2,138,467.56	
1920	18,086,949.00	6.2	-	-	-	-	-	-	-	-	-	-	-	400,112.15	1,121,390.84	1,121,390.84	2,642,893.83	
1921	37,145,867.67	6.5	-	-	-	-	-	-	-	-	-	-	-	-	1,046,589.03	2,414,481.40	3,461,070.43	
1922	14,134,617.00	5.48	-	-	-	-	-	-	-	-	-	-	-	-	-	225,164.37	225,164.37	
\$117,603,434.77			\$4,659.66	62,569.14	142,104.99	181,707.84	207,805.53	316,287.75	452,320.81	524,433.95	1,195,740.74	1,393,987.66	1,996,638.44	2,767,263.07	4,535,130.79	6,128,187.53	19,908,837.93	
Add or Deduct Adjustments:																		
Nipigon Interest			-	-	-	-	-	-	-	-	-	-	-	-	-	71,785.41	289,130.34	360,915.75
Interest on Sinking Fund Deposits			-	-	-	-	-	-	-	7,000.00	13,000.00	19,811.20	40,091.20	-	-	-	280.00	
Interest on Expenditures for account of Province			742.12	890.86	1,826.04	-	-	-	-	-	-	-	-	-	-	-	24,176.67	20,717.68
Adjustment in respect of additional interest for 1915 and 1916, etc.			-	-	-	-	-	-	-	2,350.68	2,350.68	38,428.34	239.90	-	-	-	3,780.00	42,418.24
			\$3,917.54	61,678.28	140,278.95	181,707.84	207,805.53	316,287.75	452,320.81	515,083.30	1,185,091.42	1,412,604.80	2,036,969.54	2,767,263.07	4,463,345.38	5,866,983.86	19,611,338.00	



## HYDRO-ELECTRIC POWER COMMISSION OF ONTARIO

STATEMENT SHOWING THE ADJUSTED INTEREST PAYABLE (NOT INCLUDING SUBSEQUENT EXPENSES)  
BY THE HYDRO-ELECTRIC POWER COMMISSION OF ONTARIO TO THE PROVINCE OF ONTARIO  
DURING THE PERIOD FROM NOVEMBER 1, 1903 TO OCTOBER 31, 1922.

Year	Net Advances to Hydro	Average Effective Rate of Interest	Year Ending October 31														Total
			1909	1910	1911	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	
1909	\$ 476,893.73	4.0349	5,262.18	20,018.56	19,242.18	19,242.18	19,242.18	19,242.18	19,242.18	19,242.18	19,242.18	19,242.18	19,242.18	19,242.18	19,242.18	19,242.18	256,186.92
1910	2,140,456.76	3.98	-	44,265.36	85,190.18	85,190.18	85,190.18	85,190.18	85,190.18	85,190.18	85,190.18	85,190.18	85,190.18	85,190.18	85,190.18	85,190.18	1,066,547.52
1911	1,588,697.57 205,874.77	4.11527	-	-	38,209.40	64,386.37	64,386.37	64,386.37	64,386.37	64,386.37	64,386.37	64,386.37	64,386.37	64,386.37	64,386.37	64,386.37	746,459.47
1912	479,515.48	4.0595	-	-	-	14,141.69	19,457.81	19,457.81	19,457.81	19,457.81	19,457.81	19,457.81	19,457.81	19,457.81	19,457.81	19,457.81	208,719.79
1913	1,557,497.89	5.2594	-	-	-	-	25,504.43	71,601.88	71,601.88	71,601.88	71,601.88	71,601.88	71,601.88	71,601.88	71,601.88	71,601.88	669,921.40
1914	5,987,586.70	4.72606	-	-	-	-	-	85,826.54	188,454.32	188,454.32	188,454.32	188,454.32	188,454.32	188,454.32	188,454.32	188,454.32	1,593,461.10
1915	2,450,509.16	5.05092	-	-	-	-	-	68,632.21	125,288.54	125,288.54	125,288.54	125,288.54	125,288.54	125,288.54	125,288.54	125,288.54	942,651.99
1916	1,422,955.64 8,350,000.00	5.020377 4.04	-	-	-	-	-	32,481.15	71,437.74	71,437.74	71,437.74	71,437.74	71,437.74	71,437.74	71,437.74	71,437.74	461,107.59
1917	5,593,773.19 225,000.00	5.13426 5.0625	-	-	-	-	-	224,893.53	337,340.00	337,340.00	337,340.00	337,340.00	337,340.00	337,340.00	337,340.00	337,340.00	2,248,933.53
1918	8,409,597.68	6.27754	-	-	-	-	-	-	84,743.42	287,198.86	287,198.86	287,198.86	287,198.86	287,198.86	287,198.86	287,198.86	1,520,737.72
1919	11,743,962.51	5.221455	-	-	-	-	-	-	3,796.87	11,390.62	11,390.62	11,390.62	11,390.62	11,390.62	11,390.62	11,390.62	60,749.97
1920	18,086,949.00	6.328228	-	-	-	-	-	-	-	176,992.22	527,915.86	527,915.86	527,915.86	527,915.86	527,915.86	527,915.86	2,288,655.66
1921	37,145,867.07	6.302966	-	-	-	-	-	-	-	-	250,986.51	613,203.34	613,203.34	613,203.34	613,203.34	613,203.34	2,090,596.53
1922	14,134,517.00	5.57419	-	-	-	-	-	-	-	-	-	408,567.43	1,144,583.37	1,144,583.37	1,144,583.37	1,144,583.37	2,697,554.17
	\$117,603,434.77		\$5,262.18	64,283.94	142,641.76	182,960.42	213,781.02	345,704.96	513,964.95	830,995.76	1,070,939.31	1,457,980.72	2,059,890.87	2,830,495.13	4,581,554.90	6,137,017.03	20,437,472.96
Deduct-																	
Interest on expenditures for																	
account of Province			\$ 742.12	890.86	1,826.04	-	-	-	-	-	-	-	-	-	-	-	3,459.08
Nipigon Interest Adjustment			-	-	-	-	-	-	-	-	-	-	-	-	71,786.41	289,130.34	360,915.75
Total Deductions			\$ 742.12	890.86	1,826.04	-	-	-	-	-	-	-	-	-	71,786.41	289,130.34	564,374.77
BALANCE			\$4,520.06	63,393.08	140,815.72	182,960.42	213,781.02	345,704.96	513,964.95	830,995.76	1,070,939.31	1,457,980.72	2,059,890.87	2,830,495.13	4,509,769.49	5,847,886.69	20,073,098.18





## HYDRO-ELECTRIC POWER COMMISSION OF ONTARIO

STATEMENT SHOWING THE APPORTIONMENT TO HYDRO ELECTRIC POWER COMMISSION OF ONTARIO  
OF TOTAL EXPENSES AND CREDITS RELATIVE TO GOVERNMENT BORROWINGS, ARISING SUBSEQUENT TO DATE OF  
ISSUE OF LOANS, ON THE BASIS OF PERCENTAGES OF ADVANCES TO BORROWINGS

Year	Borrowings of Province	Net Advances to Hydro Electric Power Commission of Ontario	% of Hydro Advances to borrow- ings	D e b i t s			C r e d i t s			Net Charge or Credit	Distribution		
				Exchange Commission etc.	Charges applicable to retirement of loans payable in England		Total Debits	Exchange and Discount on retirement of loans payable in England	Exchange on Interest Payments of loans payable in England		Total Credits	Hydro	Other under- takings
					Discounts	Premiums							
1909	\$ 7,215,670.38	476,893.73	30.20	490.61	-	-	490.61	-	-	-	490.61	166.50	324.11
1910	1,451,235.49	2,140,456.78	30.20	1,251.72	-	-	1,251.72	-	-	-	1,251.72	424.79	826.93
1911	2,685,367.70	1,358,697.57 # 206,874.77	50.60	1,404.97	-	-	1,404.97	-	-	-	1,404.97	476.80	928.17
1912	2,886,400.06	479,315.48	16.61	1,941.97	-	-	1,941.97	-	-	-	1,941.97	659.04	1,282.93
1913	4,569,014.92	1,361,407.89	29.80	1,971.60	-	-	1,971.60	-	-	-	1,971.60	669.10	1,302.50
1914	8,074,179.91	3,987,556.70	49.38	7,255.75	-	-	7,255.75	-	-	-	7,255.75	3,897.00	3,358.75
1915	8,600,764.58	2,480,509.16	75.57	31,497.63	-	-	31,497.63	114,000.00	7,374.29	121,374.29	89,876.66	18,376.66	71,500.10
1916	1,002,668.06	1,422,955.64	75.57	19,648.04 2,757.75	-	-	19,648.04 2,757.75	-	5,320.39	5,320.39	14,327.68 * 2,757.75	11,914.54 2,757.75	2,413.12
1917	2,963,840.15	5,093,773.19	75.57	5,290.85 412.68	-	-	5,290.85 412.68	-	8,962.13	8,962.13	* 3,681.23 412.68	537.27 412.68	3,144.01
1918	13,384,276.67	8,409,597.68	62.83	19,855.15 5,856.32	-	-	19,855.15 5,856.32	-	4,650.11	4,650.11	15,205.04 * 5,856.32	10,867.49 5,856.32	4,337.05
1919	21,416,899.79	11,743,962.51	54.83	58,816.40 9,249.98	-	-	58,816.40 9,249.98	-	4,223.97	4,223.97	54,592.43 * 9,249.98	33,896.36 9,249.98	20,696.07
1920	30,515,942.20	18,086,949.00	59.27	797,215.25 40,042.03	30,092.59	-	797,307.84 40,042.03	1,619,774.56	38,869.42	1,658,643.98	861,336.14 * 40,042.03	146,002.81 40,042.03	715,333.33
1921	70,548,438.98	37,145,867.67	52.80	475,527.18 44,070.15	5,043.02	-	480,570.20 44,070.15	39,292.06	36,693.09	75,985.15	404,585.05 * 44,070.15	252,186.77 44,070.15	152,398.28
1922	38,877,359.46	14,134,617.00	36.36	252,900.94 6,901.46	34,676.66	80,115.27	367,692.87 6,901.46	-	21,722.53	21,722.53	345,970.34 * 6,901.46	169,808.24 6,901.46	176,162.10
	\$213,992,058.33	109,028,434.77		1,754,349.43	69,812.27	80,115.27	1,904,275.97	1,773,066.62	127,815.93	1,900,882.55	3,393.42	429,340.36	425,946.94

(#) Interest due by Hydro on advances for three years  
ending October 31, 1911, capitalized by Province  
and added to advance account.

(\*) Expenses directly applicable to  
Central Ontario System bonds  
Net Credit to be pro-rated

\$109,290.37 109,290.37  
105,896.95 320,049.99

As above

\$ 3,393.42 429,340.36







